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No. 03-124

IN THE
Supreme Court of the United States

MOBA, B.V., STAALKAT, B.V.
AND FPS FOOD PROCESSING SYSTEM, INC.,
Petitioners,

v.

DIAMOND AUTOMATION, INC.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF

MARVIN PETRY
LARSON & TAYLOR
Transpotomoc Plaza
Suite 900
1199 N. Fairfax Street
Alexandria, VA 22314
(703) 739-4900

JON A. BAUGHMAN
Counsel of Record
ERIK N. VIDELOCK
NICOLE D. GALLI
KATHLEEN A. JOHNSON
PEPPER HAMILTON LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
(215) 981-4000

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Petitioners, Moba B.V., Staalkat B.V. and FPS Food Processing Systems, Inc. (collectively "FPS" or "Petitioners"), respectfully submit this reply brief in further support of their petition for a writ of *certiorari* ("Petition") to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this action.

The opposition of Respondent, Diamond Automation, Inc. ("Diamond"), to the Petition is premised entirely on its assertion that the Federal Circuit never changed the claim interpretation in this case. This is an incorrect and untenable position, as will be made clear below. First, it is important to note that in all other critical respects, Diamond does not dispute the key points in the Petition. Specifically, Diamond does not dispute that, if the Federal Circuit changed the claim interpretation used by the jury but upheld the validity finding, it would be a denial of FPS's jury trial rights. Diamond also does not dispute that the Federal Circuit has acted in this fashion in at least four other cases. Finally, Diamond does not dispute that this issue would be of the highest importance to all patent cases and thus merits review by this Court. Quite simply, if FPS is correct that the Federal Circuit broadened the claim interpretation on appeal, Diamond does not and cannot dispute that *certiorari* should be granted.

Diamond contends that there is no issue worthy of a grant of *certiorari* because, in reaching its verdicts on the '505 patent, the jury was given and used the broad claim interpretation the Federal Circuit found proper in this case. That is not correct. The Federal Circuit found the accused device to infringe the claim at issue (as it understood it) as a matter of law, whereas the jury used a more narrow understanding of the claim and found that claim was *not* infringed. The Federal Circuit therefore changed the fundamental assumption of the jury in

finding the claim valid, *i.e.*, the Federal Circuit held the claim to be more broad.

While it is true that the precise words of the claim construction for the "guiding steps" limitation given to the jury are the same as those upheld as proper by the Federal Circuit, it is also indisputable that the jury *did not* use the written claim construction *as understood by the Federal Circuit* in reaching either its verdict on infringement or its verdicts on validity. Instead, as both the Federal Circuit (10a) and the district court (60a-61a) recognized, the jury used a more narrow understanding of that claim interpretation, one that required, as the district court held, three separate, non-simultaneous steps.

In this regard, contrary to Diamond's assertions, the Federal Circuit *did not* "essentially [find] that the jury had misapplied the facts in the record to the correct claim interpretation that it had been given in rendering its non-infringement verdict." Diamond's Br. at 10-11. This is a misstatement of the Federal Circuit's decision. The Federal Circuit clearly held that the error was that the district court "[i]n essence . . . allowed the jury to add an additional limitation to the district court's construction of 'guiding steps.'" 10a. In short, the Federal Circuit held that the district court allowed the jury to use a more narrow understanding of the written claim interpretation than the Federal Circuit later found proper on appeal.

Diamond also argues that there was something improper in FPS's arguments to the jury, an apparent embellishment on the Federal Circuit's finding that the district court should not have allowed the jurors to use the narrow understanding of the written claim interpretation. In this, both the Federal Circuit and Diamond would have one believe that the district court

was a blind bystander at the trial and allowed improper claim construction arguments to be made to and adopted by the jury. This is simply not true. As the district court itself acknowledged in its post-trial opinion, the arguments FPS made were entirely proper and consistent with the district court's claim interpretation as *it* understood it (which is contrary to the understanding of the Federal Circuit and Diamond), and that is the reason it allowed such arguments and upheld the jury's verdict. 60a-61a.[1] In short, there was nothing improper in FPS's arguments as they were completely consistent with the *district court's* claim interpretation.[2] The fact that they would now be inconsistent with the *Federal Circuit's* broader claim interpretation is irrelevant.

In accusing FPS of "conjecturing" about the bases of the jury's validity verdicts (Diamond's Br. at 6), Diamond would also have this Court assume that, even if the jury used the narrower claim construction in deciding infringement, it must have used the broader claim construction in deciding validity, such that those verdicts could be upheld. First, this is an improper assumption to make, as it is black letter law that one must use the same claim construction in deciding questions of infringement and validity. *See, e.g., Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc.*, 246 F.3d 1368, 1375 (Fed. Cir. 2001). Moreover, there is no factual basis for such assumption

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[1] In so holding, the district court also specifically rejected Diamond's arguments to this Court that FPS's arguments to the jury were merely a re-hash of failed arguments during the *Markman* proceedings. 60a-61a.

[2] Notably, although Diamond eventually took issue with these arguments in its motion for judgment as a matter of law, it *never* asked the district court to stop FPS from making such arguments nor for a further instruction on claim interpretation.

here, where even FPS encouraged the jury to use the same understanding of the claim for both its analyses. (Petition at 6-8.)[3] In short, there is absolutely no basis to assume that the jury used the broader claim construction when assessing validity and thus no basis for upholding the jury's verdicts on those claims.

In short, Diamond asks this Court to ignore the critical issue that, in holding Claim 24 of the '505 patent infringed as a matter of law, the Federal Circuit broadened the patent claim as understood by the jury, therefore nullifying its findings on validity. Therefore, a new jury trial is required, and the failure to grant such new trial is a denial of FPS's Constitutional rights. This is an important and recurring issue, which has arisen in at least four other cases to date, and thus warrants review by this Court.

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[3] Also contrary to Diamond's assertion, FPS does not contend that the jury did not reach the validity issue at all. *See* Diamond's Br. at 6-8. Rather, FPS contends that the jury used the same narrow claim construction in deciding validity as it did infringement, rather than the broader construction found proper by the Federal Circuit, thus requiring a new trial on validity using the broader construction.

CONCLUSION

For all the reasons set forth herein and in their Petition, Petitioners respectfully request that the Court issue a writ of *certiorari* to review the judgment of the Court of Appeals for the Federal Circuit in this matter.

Respectfully submitted,

Jon A. Baughman
Counsel of Record
Erik N. Videlock
Nicole D. Galli
Kathleen A. Johnson
PEPPER HAMILTON LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
(215) 981-4000

Marvin Petry
LARSON & TAYLOR
Transpotomac Plaza
Suite 900
1199 North Fairfax Street
Alexandria, VA 22314
(703) 739-4900

Counsel for Petitioners

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